

Testimony on behalf of the

National Cattlemen's Beef Association

With regard to

Agricultural Conservation Programs

Submitted to the

United States House of Representatives – Committee on Agriculture
Subcommittee on Conservation, Credit, Rural Development and Research

The Honorable Frank Lucas, Chairman

Submitted by

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Member

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Mr. Chairman, members of the committee, my name is John O’Keeffe, and I am a rancher from Adel, Oregon. Some of the cattle industry’s biggest challenges and threats come from the loss of natural resources. Our industry is threatened every day by urban encroachment, natural disasters, and misinterpretation and misapplication of environmental laws. The conservation of our natural resources is incredibly important, and ranchers are a partner in conservation. Our livelihood is made on the land, so being good stewards of the land not only makes good environmental sense, it is fundamental for our industry to remain strong. We strive to operate as environmentally friendly as possible, and it is in conservation programs where we can see a partnership with the government.

The goal of conservation and environmental programs is to achieve the greatest environmental benefit with the limited resources available. USDA has numerous programs that are currently utilized by cattlemen, and we know that these programs will be a highlight of the 2007 Farm Bill. I appreciate the opportunity to talk about the cattlemen’s position on these programs.

A popular program among cattlemen is the Environmental Quality Incentive Program or EQIP. This cost-share program rewards and provides incentives to cattle producers for their environmental stewardship. The NRCS assists the producer in the development of a long range conservation plan then offers incentives through cost sharing for the landowner to incorporate best management practices to accomplish the objectives of the plan. Although popular, EQIP has a few problems. One small problem which you might address is to direct USDA to grant more flexibility to NRCS to adjust cost share requirements because sometimes portions of these conservation plans may have significant benefits for wildlife species but contribute little to the economic viability of the ranching operation, making it difficult for the landowner to justify the expense. In addition, many ranchers have complained that the intense administrative paperwork and time allotment for receiving funds makes EQIP an unattractive and burdensome program. Realizing that funding is limited, one method to realize more dollars to the end users of conservation programs would be to make the program more user-friendly and less burdensome. We understand that verification of records in order to ensure that appropriate qualifications are met is very important, but achieving a more efficient application method and accountability system would result in more dollars that can be spent on actual conservation. A streamlined and efficient program is key to making the most of the taxpayer’s dollar.

Cattle producers across the country participate in this program, but arbitrarily setting numerical caps that render some producers eligible and others ineligible limits the success of the program. Addressing environmental solutions is not a large versus small operation issue. All producers have the responsibility to take care of the environment and their land, and should have the ability to participate in programs to assist them establish and reach achievable environmental goals. Accordingly, all producers should be afforded equal access to cost share dollars under programs such as EQIP.

Another category of livestock producers excluded by USDA from EQIP are custom feeders. USDA has decided these producers do not share the risk of the ultimate sale price of the animals they feed. This exclusion is difficult to understand. These producers feed livestock on behalf of others and are obvious agriculture operations. Their environmental profile is identical to every other feeding operation. They certainly share the risk of financial success of their operations, even if not for the ultimate price of the individual animals they sell.

Custom feeding is a response by the market to most efficiently organize production, whether the feeding is the main source of income for a producer or a supplement. It is strange that USDA would try to shape market forces through a bureaucratic rule, rather than trying to promulgate rules that support the market and protect the public's interest in sound agriculture programs. We urge the Committee to enact a law to eliminate USDA's exclusion of custom feeders from EQIP.

We also feel that changes in EQIP contracts should also be implemented to make this program more attractive to ranchers. Currently, ranchers are assessed unreasonable penalties associated with the cancellation of an EQIP contract that can be up to 20 percent of the total financial and technical assistance obligated to the participant, even if little work has been performed by NRCS. NRCS should not require an applicant to sign a contract until the final cost of the contract is known to, and approved by, the producer. Producers should also be allowed to periodically review and revise the terms of multiple year contracts to adjust for rising costs over time. Finally, NRCS should provide the least-cost alternative to applicants when engineering for the government's share.

One of the reasons EQIP is so popular among ranchers is the fact that it is a working-lands program. We believe that conservation programs that keep land in production and do not limit its use is best for the ranchers and the actual goal of conserving our resources. Other working-lands programs that we support include the Wildlife Habitat Incentive Program and the Grassland Reserve Program. WHIP's cost-sharing and technical assistance provisions provide assistance to conservation-minded landowners who are unable to meet the specific eligibility requirements of other USDA conservation programs. A healthy wildlife population is a sign of a healthy ecosystem, which is conducive to a healthy cattle operation.

Likewise, the GRP has been very successful in helping landowners restore and protect grassland while maintaining the acres for grazing and haying. This is in huge contrast to programs such as the Conservation Reserve Program or CRP. Considering the fact that 28 million CRP contracts will expire over the next five years, and considering the fact that the 2007 Farm Bill will be dealing with less funding than in 2002, we believe that the CRP is one of the programs that should be considered for reevaluation and savings.

The CRP is a program designed for the purposes of reducing soil erosion, protecting water quality, enhancing habitat for wildlife, and decreasing overuse of lands not suited to farming. These are worthy goals, but we believe the USDA should consider

targeting the program to acres that would produce the most significant environmental benefits. Emphasis should be placed on enrolling buffers, grass waterways, and only the most environmentally sensitive portions of farms so that program dollars provide the most benefit to the public. We would discourage the enrollment of entire fields or farms, a practice that we believe adversely affects local economies and may not provide significant environmental benefits that we believe should be the focus of the program.

With the current program, NCBA is opposed to haying and grazing on lands enrolled in the CRP program except under a few limited conditions. These conditions include:

- (1) In case of drought or other emergency situation declared by the Secretary of Agriculture, including emergencies caused by fires on private or public rangelands;
- (2) In the case of incidental grazing in conjunction with grazing contiguous crop residue or stubble on lands enrolled in continuous sign-up CRP or CREP, or
- (3) In the case of a USDA determination that maintenance or management is required on land enrolled in CRP to maintain plant health and proper resource management.

We believe that in all instances of haying or grazing on lands enrolled in the CRP, continuous sign-up CRP, or CREP, the payment should be reduced by the value of the forage harvested or grazed. NCBA also believes that managed grazing on CRP lands should be permitted during the primary nesting season where State Technical Advisory Committees recommend it under an approved plan.

There has been discussion within the agricultural industry of allowing a portion of producers' enrolled acreage to be grazed annually. If the program were to evolve in this direction, a number of issues must be addressed because the program was not designed to be a subsidized grazing program.

One of the issues is: How would the program be managed? Would grazing be limited to a percent of the total enrolled acres per year or a percent of the total forage production of the enrolled acres per year?

In the first instance, a person could rotationally graze a percent of his/her enrolled acres per year, thus supporting a livestock herd that might not have existed previous to enrollment in the program. This would have a negative impact on beef markets. Our markets, like any other industry markets, are fragile. Introducing a potentially large number of animals into production with lower production costs would be problematic. How would this program be managed considering these factors and the overriding goals of the program?

While NCBA does not support grazing of CRP lands as part of a continuous grazing program, we do support haying and grazing to maintain plant health and proper resource management when determined by the NRCS or FSA.

CRP lands must be properly maintained at a higher level into the future. Problems exist due to noxious weed invasion, as well as proper growth control of desired species. This required management is often very costly and in many instances could be accomplished through very prescriptive haying and grazing. These two practices have proven very effective and efficient on private and federal lands.

Emergency use of CRP lands during a disaster declaration due to drought or fire on private or public rangelands is of critical importance to ranchers. By allowing emergency use of these lands, many livestock producers who otherwise may have been forced out of business as a result of a disaster are able to stay in business. We support the continued allowance of CRP lands for this reason at the designation of the Secretary of Agriculture through state advisement. We also support payment reductions when CRP lands are used in cases of disaster.

Another concern we have with certain USDA conservation programs, including the GRP and FRPP, is the utilization of conservation easements. Many ranchers are skeptical of participating in these programs because they simply don't trust the government. To solve this problem, the 2007 Farm Bill should give USDA more flexibility to allow private land trusts to not only hold these easements, but also negotiate the terms with state NRCS offices. A major benefit of this approach is that private land trusts can manage easements at no ongoing cost to the public. The interest in conservation from the ranching community is tremendous – we just need more flexibility in current programs to make them workable.

I would be remiss if I did not mention the Conservation Security Program. CSP rewards those of us that have been conservationists and have spent time and money in the past improving our land, water, and wildlife habitats. CSP also provides an incentive to those who have not participated in conservation programs to become involved and improve their operations which in turn will benefit the environment.

When it comes to the implementation of USDA's conservation programs, it is imperative that we ensure adequate support and technical assistance to make these programs successful. Resources must be allocated to maintain adequate NRCS personnel at the local level to provide the technical assistance necessary to implement successful rangeland conservation programs. Ranchers need a dependable and recognized source of technical assistance in order to meet rangeland conservation needs.

Paramount to any discussion regarding conservation programs is the need to protect individual private property rights. Federal conservation policy should reflect both the U.S. and state constitution and enhance the individual right of free choice of land, water, soil and energy use, development, and conservation. The rights of private landowners must be protected. Any loss of private lands or water rights including waters

arising or claimed on public lands without specific procedures of due process of law and just compensation must be opposed. Agreements involving individual private land and water rights shall be solely a decision of individual private property owners. The laws and policy of state and local governments and private rights should be paramount in governing the use and ownership of water and natural resources.

The goal of conservation programs should be to maintain a balance between keeping good, well-suited working lands in production, and providing for conservation of species and natural resources. Many producers would like to enroll in various USDA conservation programs such as CSP and CRP to reach environmental goals. However, to enroll in these programs requires the producer to stop productive economic activity on the land enrolled. We believe economic activity and conservation can go hand in hand. As such, we support the addition of provisions in the next farm bill that will allow more working-lands programs that will have tangible benefits on environmental quality, and help to improve our ranching lands.

USDA's conservation programs are a great asset to cattle producers. We want to see them continued and refined to make them more producer friendly and more effective in protecting the environment in a sensible way. Thank you for the opportunity to express our views to you here today.

Committee on Agriculture
U.S. House of Representatives
Information Required From Non-governmental Witnesses

House rules require non-governmental witnesses to provide their resume or biographical sketch prior to testifying. If you do not have a resume or biographical sketch available, please complete this form.

1. Name: John O Kaeffe
2. Business Address: 19547 Plush-Adel Rd
Adel OR 97620
(P. O. Box 115)
3. Business Phone Number: 541-947-2590
4. Organization you represent: National Cattleman's Beef Association
5. Please list any occupational, employment, or work-related experience you have which add to your qualification to provide testimony before the Committee:
Own and operate cattle ranch
partake in farm bill programs
6. Please list any special training, education, or professional experience you have which add to your qualifications to provide testimony before the Committee:
7. If you are appearing on behalf of an organization, please list the capacity in which you are representing that organization, including any offices or elected positions you hold:
Immediate past chair of
Federal Land Committee

PLEASE ATTACH THIS FORM OR YOUR BIOGRAPHY TO EACH COPY OF TESTIMONY.

Committee on Agriculture
U.S. House of Representatives
Required Witness Disclosure Form

House Rules* require nongovernmental witnesses to disclose the amount and source of Federal grants received since October 1, 2004.

Name: John O'Kraffe
Address: P.O. Box 115 Adel OR 97620
Telephone: 541-947-2580
Organization you represent (if any): National Cattlemen's Beef Association

1. Please list any federal grants or contracts (including subgrants and subcontracts) you have received since October 1, 2004, as well as the source and the amount of each grant or contract. House Rules do **NOT** require disclosure of federal payments to individuals, such as Social Security or Medicare benefits, farm program payments, or assistance to agricultural producers:

Source: _____ Amount: _____
Source: _____ Amount: _____

2. If you are appearing on behalf of an organization, please list any federal grants or contracts (including subgrants and subcontracts) the organization has received since October 1, 2004, as well as the source and the amount of each grant or contract:

Source: _____ Amount: _____
Source: _____ Amount: _____

Please check here if this form is NOT applicable to you: _____

Signature: John O'Kraffe

* Rule XI, clause 2(g)(4) of the U.S. House of Representatives provides: Each committee shall, to the greatest extent practicable, require witnesses who appear before it to submit in advance written statements of proposed testimony and to limit their initial presentations to the committee to brief summaries thereof. In the case of a witness appearing in a nongovernmental capacity, a written statement of proposed testimony shall include a curriculum vitae and a disclosure of the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by the witness or by any entity represented by the witness.

PLEASE ATTACH DISCLOSURE FORM TO EACH COPY OF TESTIMONY.